

Health and Family Services

Health Policy

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	117,700	797,000	830,800	636,000	625,600
Salary Compensation Fund	8,600				
Base Deduction	-91,500				
Reorganization Adjustments	597,900				
Total General Fund	632,700	797,000	830,800	636,000	625,600
Restricted Funds					
Balance Forward	520,100	225,000	225,000		
Current Receipts	250,500	605,700	622,400	605,700	622,400
Non-Revenue Receipts	160,600	100,300	83,600		
Fund Transfers	-351,700				
Total Restricted Funds	579,500	931,000	931,000	605,700	622,400
TOTAL SOURCE OF FUNDS	1,212,200	1,728,000	1,761,800	1,241,700	1,248,000
EXPENDITURES BY CLASS					
Personnel Cost	1,172,200	1,378,000	1,411,800	1,196,700	1,203,000
Operating Expenses	40,000	125,000	125,000	45,000	45,000
TOTAL EXPENDITURES	1,212,200	1,503,000	1,536,800	1,241,700	1,248,000
EXPENDITURES BY FUND SOURCE					
General Fund	632,700	797,000	830,800	636,000	625,600
Restricted Funds	579,500	706,000	706,000	605,700	622,400
TOTAL EXPENDITURES	1,212,200	1,503,000	1,536,800	1,241,700	1,248,000

The Office of Health Policy is a new organization created by Governor Fletcher through Executive Order 2005-779, effective August 1, 2005, combining the Office of Certificate of Need and the Health Planning Branch from the Department for Public Health.

The creation of the Office of Health Planning evolved from the realization that health policy planning and research development has been a fragmented process taking place within various organizational units throughout the cabinet as well as through other cabinets across state government. Accordingly, the consolidation into a single Office has led to greater efficiencies throughout state government.

Health care has global perspectives, and issues that transcend cabinets, therefore centralized integration and understanding of these perspectives and issues are important to not only promote efficiencies but to develop a focused approach to make meaningful change and progress. Centralized policy development will enable the Commonwealth to meet its strategic long-term health care goals.

There are two divisions within the Office of Health Planning: the Division of Health Policy Planning and Development and the Division of Certificate of Need.

The Division of Health Policy Planning and Development provides coordination among state agencies and programs including:

- Medicaid
- Insurance
- Mental Health/Mental Retardation
- State Employee Health Insurance
- Public Health

The Division of Health Policy Planning and Development coordinates health policy and health insurance issues that cross departmental or cabinet lines, oversees legislative and regulatory efforts to ensure that proposed statutes and regulations are consistent across departments and consistent with the overall goals of the administration, develops health insurance policy in coordination with the Kentucky Office of Insurance, and leads the efforts related to policy coordination and benefit design for state employee health insurance in coordination with the Personnel Cabinet.

The Division of Certificate of Need (CON) is responsible for preventing the proliferation of health care facilities, health services and major medical equipment that increase the cost of health care within the Commonwealth. The increased cost of health care impacts all Kentuckians, particularly those with limited incomes, or those who are uninsured or underinsured. Controlling increasing health care costs makes quality health care accessible and affordable for more people.

A certificate of need is required to establish a health facility; to change bed capacity of health facility; to make a substantial change in a project (a change which results in an increase in bed capacity, a change in location, or an increase in costs greater than the allowable amount as prescribed by regulation, etc.); to add a health service for which there are review criteria in the state health plan (open heart surgery, cardiac catheterization, MRI, mega-voltage radiation equipment, organ transplantation, special care neonatal beds, etc.), and to add a service subject to licensure (personal care beds, rehabilitation agencies, etc.); to obligate a capital expenditure which exceeds \$1,870,973; to acquire major medical equipment which exceeds \$2,177,866; or to change the geographic area which has been designated on a certificate of need or license.

Policy

The Governor's budget recommendation includes a fee increase on certificate of need applications that will generate additional Restricted Funds of \$355,200 in fiscal year 2007 and \$371,900 in fiscal year 2008 to support program operations. KRS 216B.040(3)(c) authorizes the cabinet to establish reasonable fees for certificates of need through the promulgation of administrative regulation.